

AR45

ANNUAL REPORT 1974

(for the year ended September 30)



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Cover Story

The cover is designed to illustrate the diversification of Redpath Industries Limited. New sources of income, indicated by the cameos of people from non-sugar subsidiaries, are making a substantial contribution to net earnings and have changed the character of the Company from a single product organization to a multi product group.

Shareholders' Annual Meeting

The annual meeting of the shareholders will be held in Montreal at the Queen Elizabeth Hotel on Wednesday, February 5, 1975 at 11:30 a.m. local time. Following the meeting, a buffet luncheon will be served.

On peut se procurer l'édition française de ce rapport, en écrivant au secrétaire des Industries Redpath Limitée, One Westmount Square, Montréal, Québec H3Z 2W7.



Financial Highlights ... 1974

Sales \$223,708,000

Net Income \$ 5,712,000

Per Share \$3.65

Dividends \$ 2,819,000

Per Share \$1.80

Net income from sugar refining was less than one-half cent per pound and slightly below two percent of sugar sales.

Manufacture and sale of construction materials provided 42 percent of consolidated net income.

Expenditure on property, new plant and equipment totalled \$5,230,000.

For the 45th year, regular quarterly dividends were paid, without interruption.



Redpath Industries Limited *and its subsidiaries*

Report of the Board of Directors

Financial

High sugar prices have not resulted in higher profits from sugar operations. Net earnings from sugar refining and sugar trading are less than half of total earnings, and represent only a marginal return on capital employed in the sugar division. Earnings from non-sugar activities are significantly higher. The diversification program, instituted seven years ago to insulate the Company from problems associated with a single product organization, has proven itself this year.

Net income for the year ended September 30, 1974, amounted to \$5,712,000 or \$3.65 per share. Compared to 1973 income of \$5,244,000 or \$3.38 per share, this represents an increase of \$0.27 per share or eight percent. Because of the Company's policy of valuing sugar inventories using the base stock method, the profit reported is a real profit and is not exaggerated by unrealized inventory gains.

Sales for the year of \$223,708,000 exceeded 1973 by \$95,558,000 reflecting extraordinary high costs for raw cane sugar, and resins and aluminum used in the construction materials division. Higher material costs are related to tight supply conditions.

During the first three quarters of the year, the Company's sugar trading operations resulted in substantial losses. In the quarter ended September 30, as noted in note 1 to the financial statements, the Company increased its base stock to 65,000 tons. This facilitated the Company's trading operations and part of the earlier losses were recouped with the result that total fourth quarter profits were higher than estimated.

The Federal Budget of November 18 again reduced the duty rate on imports of refined sugar to a level which, in effect, leaves the sugar refining industry without duty protection from foreign imports. Very few, if any, secondary manufacturing industries in Canada are in this position. Refined sugar is flowing into Canada today from the U.S. When the world supplies improve we can expect imports from other origins. This could have a detrimental effect on employment in the industry.

To combat the effect of spiralling interest rates and other costs, management activated stringent inventory and cost controls.

Earnings of Albion Company Limited during the year amounted to \$1,160,000 compared to \$1,126,000 last year.

The results of Chantecler Wines Limited, the newly-acquired Quebec winery, are included only for the period since control was acquired and are not significant in relation to consolidated net earnings.

Expenditures on property, plant and equipment during 1974 amounted to \$1,057,000 related to sugar refining and \$4,173,000 for construction material operations – a total of \$5,230,000. During the year, Daymond's new head office in Clarkson,

Ontario and two other plants closely related to Multi Fittings Limited, were completed.

Estimated expenditures in 1975 for property, plant and equipment total \$4,800,000 of which approximately \$386,000 had been committed at September 30, 1974.

Working capital at September 30 was \$10,132,000, a slight decrease from 1973. Compared to a year ago there are very substantial increases in total current assets and in total current liabilities. While some of the increases in inventory and in accounts payable result from the increase in base stock inventory quantity of sugar and from increased quantities of sugar held for future delivery against customers' firm contracts, most of the increases relate to higher raw material price, particularly sugar.

During the year the executive offices were moved to One Westmount Square, Montreal. Expanded operations of the Company made it advisable to separate corporate offices from the offices of Redpath Sugars Limited. As authorized at last year's annual shareholders' meeting, the statutory head office was removed from Chatham, Ontario to Toronto.

At a special general meeting of shareholders held in July 1974, approval was given to By-law No. 23 which reclassified all of the no par value common shares of the Company as Class A convertible common shares, without par value, and created a new class of shares designated as Class B convertible common shares without par value. The new Class B shares are deferred-tax dividend shares. As previously advised, shareholders should obtain competent tax advice as to whether conversion to Class B shares would be advantageous to them.

The Company along with other refiners has been charged with violations of the Combines Investigation Act. The trial is in progress and probably will not be concluded for several months. You may be assured that the Company's rights have been and will continue to be vigorously defended.

Food Operations

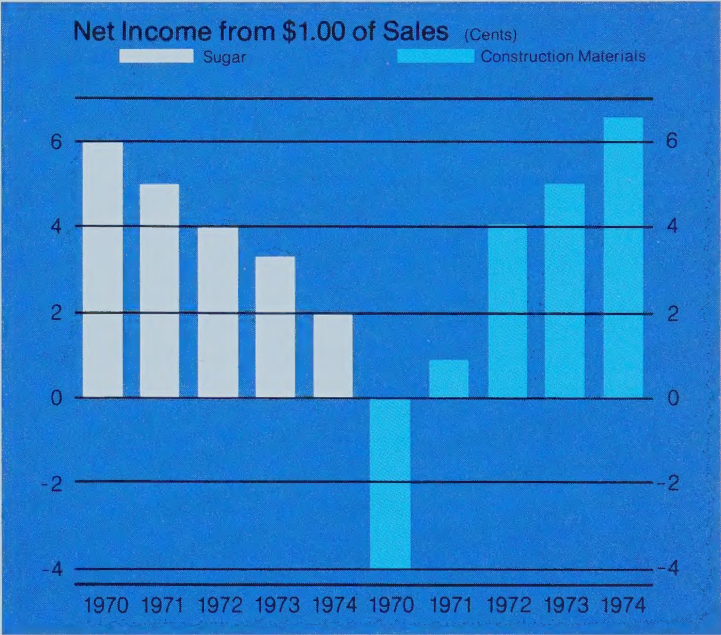
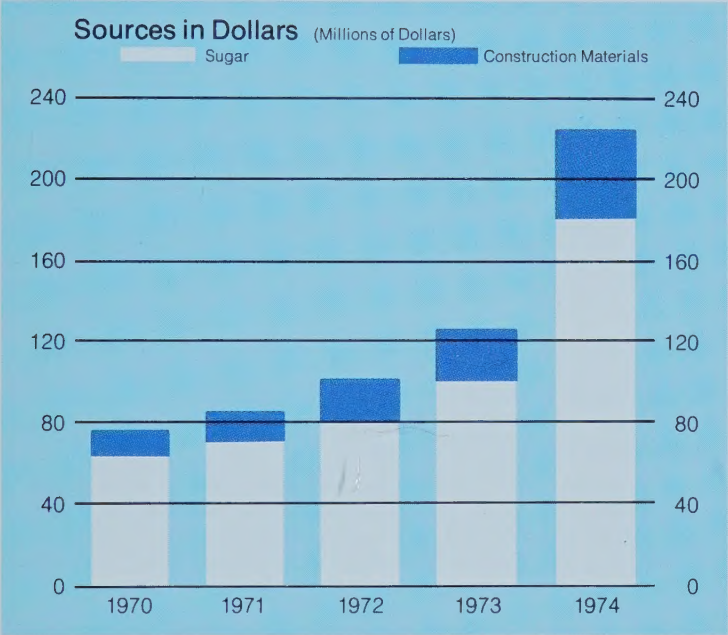
Redpath Sugars Limited

The year 1974 was difficult for Redpath Sugars Limited. It was characterized by rapidly changing conditions in the marketplace which created challenging situations for management. A number of significant events occurred during the year.

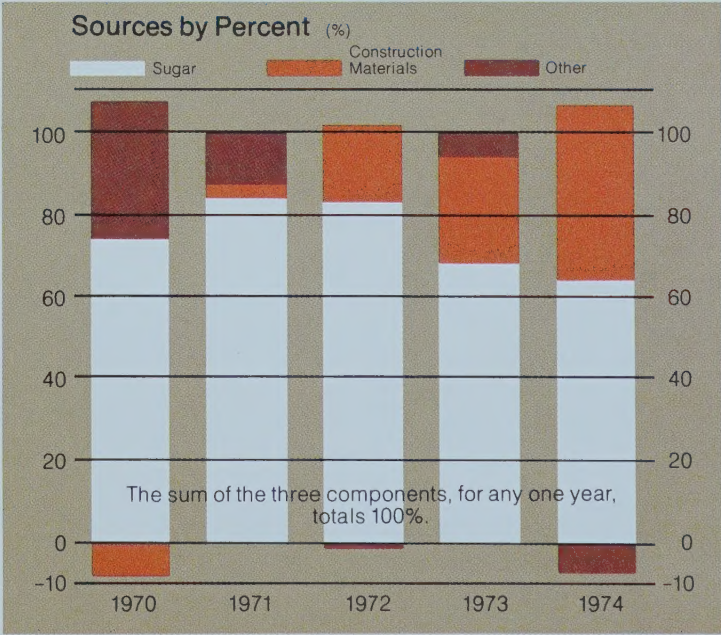
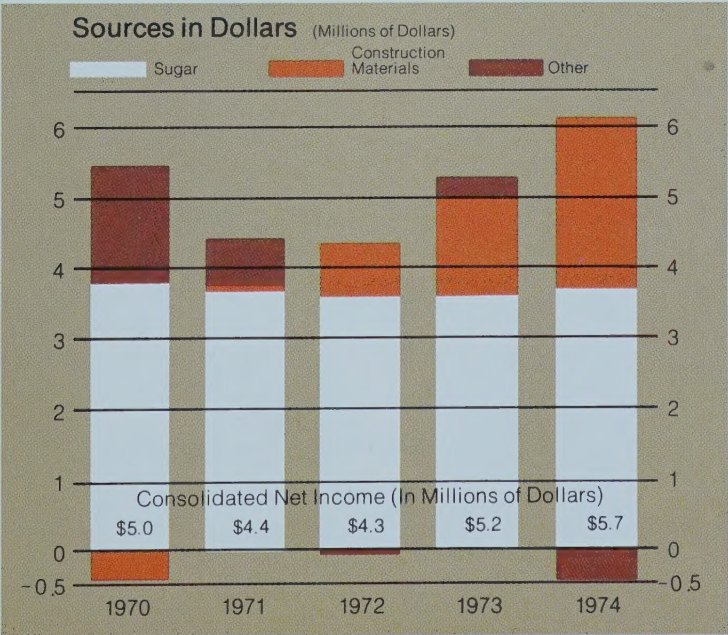
Extra competition resulted from the entry of a new refiner in Oshawa and by significant imports of U.S. refined sugar. Sales volume was thus lower than in 1973, but active effort in export markets allowed the refineries to maintain acceptable throughput.

Cost of raw sugar in 1974 soared to incredible levels – from equivalent of about 9 cents per pound at the beginning of the

Sales 1970-1974



Net Income 1970-1974





Redpath Industries Limited and its subsidiaries

fiscal year to about 36 cents at the end. This, coupled with hedging requirements, created unprecedented cash demands.

Stringent inventory controls were instituted leading in certain cases to unscheduled plant shutdowns. In spite of such controls, interest charges were considerably higher than in the previous year.

As a sugar refiner rather than a primary producer, Redpath does not welcome high prices for refined sugar. While higher prices benefit primary raw cane sugar producers and beet processors, they do not mean higher profits for cane sugar refiners. On the contrary, from Redpath's standpoint, higher prices require greater amounts of working capital, involve substantially higher interest costs, significantly increase the risks of doing business, and eventually result in decreased consumption.

In November 1974, when this report was written, the wholesale list price for Redpath refined sugar was about 73 cents per pound. Were Redpath Sugars to sell its refined sugar at no profit, its selling price would not be lower than 72 cents, a reduction of only three-quarters to one cent a pound.

The consequence of these high raw sugar prices has been a reduction in sugar consumption in Canada, which according to the latest Statistics Canada information, appears to be in the neighbourhood of at least 10 percent – totalling about 220 million pounds on an annual basis.

In recent months some nations, including United States and United Kingdom, with controlled sugar markets, have found their long-term agreements with raw sugar suppliers ineffectual because of the extraordinary escalation in world prices. The U.S. Congress is allowing the Sugar Act to expire December 31, 1974. U.K. consumers are currently experiencing severe supply shortages.

Your Company, aware of the effects of inflation on the income of its employees, has taken action as appropriate within its divisions and will continue to discharge its responsibilities in the best interests of all concerned.

This was the first year of a long-term agreement, under which Redpath buys the total output, in the form of raw beet sugar, of the provincially-owned beet sugar company in St. Hilaire, Quebec. Redpath received approximately 25 million pounds of raw beet sugar. The agreement has proven beneficial to the Quebec sugar beet industry.

Redpath Sugars has been appointed the official sugar supplier to the Olympic Games.

Consulting Services

The Company is continuing its activities in this field, and currently negotiating contracts with several governments for full-scale agro-industrial developments.

Chantecler Wines Limited

This new Redpath subsidiary, control of which was acquired early in 1974, produces several popular French-type table wines from concentrated grape juice imported from France. The flavour and bouquet are further enhanced by a careful addition of imported French blending wine. Dubonnet, the well-known French wine maker, remains a substantial shareholder and makes available its technical expertise.

Shareholders are encouraged to try some of these fine wines which are available in stores in New Brunswick, Quebec, and Ontario.

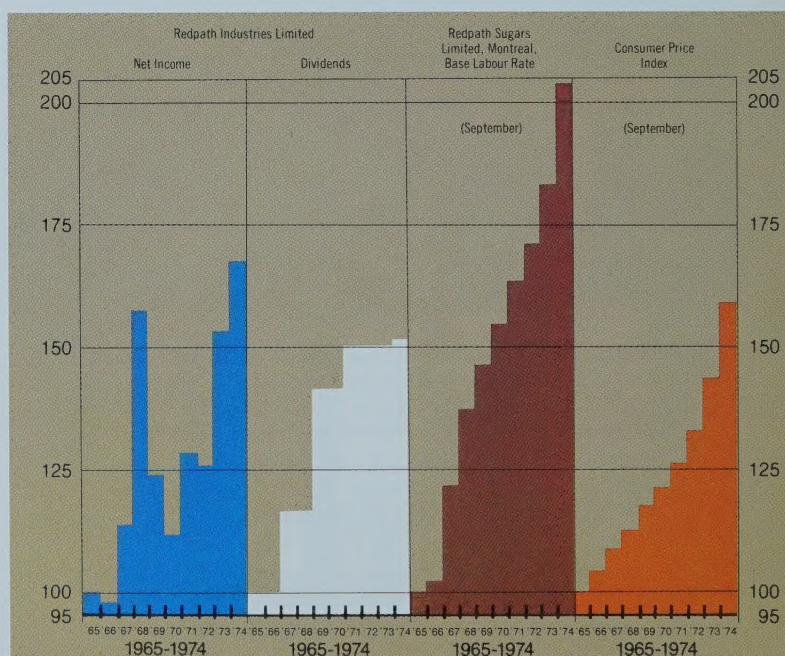
Non-Food Operations

Daymond Limited

The sale of Daymond products and resulting profits were higher than in the previous year.

Shortages and higher raw material prices may have a restraining influence in 1975 on Daymond operations. Sales of Daymond products fluctuate with requirements for materials in housing, agriculture and allied industries.

Ten-Year Comparative Indices Base 1965 = 100



Supply of resins will not materially improve until the Canadian Government initiates an oil policy which will create a favourable climate for petrochemical companies to build new raw material facilities.

Sales of Daymond four-inch farm drainage pipe in Ontario, Quebec and the Maritime Provinces were heavy in fiscal 1974. Building drain sales were up in all provinces as well. A new three-inch size drainage pipe, for both farm drainage and building drain applications, is undergoing field trials and from early reports will fill a specific need in areas where use of four-inch is not necessary. The smaller size pipe will sell at a lower price, resulting in a lower overall cost to the farmer for land drainage.

Because of the acute world shortage of food and the necessity to increase production to meet this crisis, demand for Daymond farm drainage pipe should remain firm. Requirements for Daymond's other pipe products and vinyl siding will be influenced by the new housing market, the renovation market and the municipal water supply market.

The new manufacturing facilities at Clarkson, Ontario are now in operation and increased production of vinyl siding and accessories has been satisfactorily accomplished. A new PVC

pressure pipe production line is now in operation, and will allow Daymond to enter the municipal pipe market.

Daymond's aluminum division continues to show a satisfactory increase in sales and profit for all product lines. New products, aluminum extension and stepladders of superior design and quality, are now in production, and several major retail outlets have taken on the line. Equipment to produce the improved ladders was designed by Daymond's research and development department and Canadian and U.S. patents have been obtained. Patent applications are pending in 26 other countries. Negotiations have begun with interested manufacturers in several countries for sale to them of the unique production machinery, and the rights to manufacture the ladders on a royalty basis.

The profitability of the Daymond aluminum extrusion operations is being further enhanced by increased emphasis on subsequent manufacturing operations such as anodizing, polishing, fabrication and assembly as well as by development of new proprietary products.

Certain-teed/Daymond Co.

Reorganization during the year resulted in dramatic improvement in profitability.

Artist's drawing of the new plant of Multi Fittings (U.S.A.) Limited in Waco, Texas.





Redpath Industries Limited *and its subsidiaries*

Demand in U.S.A. for agricultural drainage pipe and new leach bed requirements has encouraged management to order new production equipment which will be on-stream in early 1975.

Certain-teed/Daymond is planning to open a new plant in mid-western U.S.A. to serve a growing market in that area. With this new facility, Certain-teed/Daymond will have four production plants in U.S.A.

Gienow Limited

Sales of Gienow Limited increased 38 percent over the previous year. Better utilization of plant resources resulted in improved profits. In western Canada, mobile homes, an important outlet for Gienow's doors and windows, continue in good demand. No raw material shortages have so far been experienced. The outlook is for another good year.

Redpath Home Improvements Limited

Redpath Home Improvements Limited failed to meet the objectives required by the Company and its retail branch operations are being phased out.

Multi Fittings Limited

Multi Fittings had a successful year in spite of a slow-down in housing starts, particularly in U.S.A.

The erection of the new plant in Waco, Texas, was delayed by material shortages, but completed in August 1974. It is projected the U.S. facility will be operating profitably by the end of fiscal 1975.

A new line of PVC plastic pipe fittings, designed by Multi Fittings for use with cement asbestos pipe, has been launched. Multi Fittings also plans entry into the agricultural irrigation fittings market, concentrating mainly on southwestern U.S.A. This will give impetus to operations at the new plant in Texas.

London Plastics Machinery Limited

This subsidiary of Multi Fittings which produces machines and moulds for Multi Fittings for its plants in London, Ontario and Waco, Texas as well as for unrelated companies, had a successful year in its new factory. Several major machine tools were added to the company's equipment during the year.

CB Packaging Limited

Since its acquisition this company has been undergoing a planned program involving capital expenditures on equipment, development of personnel resources and the establishment of new markets and customers. The program came to fruition

this year and sales increased by more than 40 percent, which in turn generated a satisfactory level of profit.

Sales growth has been and will continue to be limited by the available supply of polyethylene resin. Diversification into new products and the possibility of expansion through acquisition are under active consideration by the management of CB Packaging Limited.

Housing Development

In the last fiscal year, phase two of our Crystal Estates real estate project in Chatham, Ontario involved servicing of 38 lots. Of these 32 have been sold, and the remainder will be marketed in 1975.

Appointments

In accordance with the wishes of Mr. Morton Oliphant, his resignation from the Board was regrettably accepted. Mr. Oliphant, a Director of the Company since 1963, contributed greatly to the success of the sugar operations and the decision to diversify the Company's activities. His counsel and advice will be missed by his colleagues.

Mr. R. G. Brownridge, C.A., vice-president and treasurer, was appointed to the Board to replace Mr. Oliphant.

Mr. J. H. Magee and Mr. R. R. Porteous, both vice-presidents of RIL, retired during the year. Both served in senior executive capacities for many years. Mr. Magee continues as a Director.

Mr. Stephen Stachenko was appointed President of Redpath Sugars Limited, replacing Mr. Magee.

Appreciation

We thank all of the people in the Redpath organization for their contributions to the achievements of the Company in the past year.

On behalf of the Board,

C. F. Harrington
Chairman

N. M. Shaw
President and Chief Executive Officer

December 3, 1974

Consolidated Statements of Income and Retained Earnings

Year ended September 30, 1974

Income:	1974	1973
Sales and other income –		
Sales (note 7)	\$223,708,000	\$128,150,000
Investment income	217,000	67,000
	<u>223,925,000</u>	<u>128,217,000</u>
Deduct –		
Cost of sales	196,995,000	106,426,000
Selling, distribution and administrative expenses	15,996,000	13,286,000
Interest – long-term debt	117,000	171,000
– other	2,049,000	1,075,000
	<u>215,157,000</u>	<u>120,958,000</u>
	8,768,000	7,259,000
Income taxes	<u>4,216,000</u>	<u>3,141,000</u>
Income before equity in earnings of affiliated company	4,552,000	4,118,000
Equity in earnings of affiliated company	1,160,000	1,126,000
Net income	<u>\$ 5,712,000</u>	<u>\$ 5,244,000</u>
Earnings per share (note 5)	<u>\$3.65</u>	<u>\$3.38</u>

Retained Earnings:

Balance beginning of year	\$ 29,698,000	\$ 27,244,000
Net income	<u>5,712,000</u>	<u>5,244,000</u>
	35,410,000	32,488,000
Dividends paid	<u>2,819,000</u>	<u>2,790,000</u>
Balance end of year	<u>\$ 32,591,000</u>	<u>\$ 29,698,000</u>

Consolidated Balance Sheet

September 30, 1974

Assets	1974	1973
Current:		
Cash and temporary investments	\$ 2,414,000	\$ 1,514,000
Accounts receivable (note 7)	30,152,000	15,942,000
Inventories (note 1)	66,317,000	18,280,000
Deferred income taxes	9,500,000	316,000
Income taxes recoverable	—	1,780,000
Prepaid expenses	682,000	983,000
Total current assets	<u>109,065,000</u>	<u>38,815,000</u>
Investments (note 2)	<u>17,215,000</u>	<u>15,570,000</u>
Property, plant and equipment (note 3)	<u>37,059,000</u>	<u>34,754,000</u>
Unamortized balance of purchased goodwill	<u>590,000</u>	<u>440,000</u>
	<u>\$163,929,000</u>	<u>\$ 89,579,000</u>

On behalf of the Board:
C. F. Harrington, Director
N. M. Shaw, Director

Liabilities

	1974	1973
Current:		
Short-term notes	\$ 12,117,000	\$ 16,035,000
Accounts payable and accrued charges (note 7)	78,096,000	11,901,000
Income taxes payable	8,720,000	—
Total current liabilities	98,933,000	27,936,000
Long-term debt (note 4)	2,257,000	2,926,000
Deferred income taxes	7,725,000	6,596,000

Shareholders' Equity

Capital stock: (note 5)		
Authorized –		
3,000,000 Class A and Class B inter-convertible		
common shares of no par value.		
Issued –		
1,566,250 shares	15,191,000	15,191,000
Appraisal increment (note 3)	6,232,000	6,232,000
Contributed surplus	1,000,000	1,000,000
Retained earnings	32,591,000	29,698,000
	55,014,000	52,121,000
	<u>\$163,929,000</u>	<u>\$ 89,579,000</u>

Consolidated Statement of Changes in Financial Position

Year ended September 30, 1974

Source of Funds:

	1974	1973
Operations –		
Net income for the year	\$ 5,712,000	\$ 5,244,000
Depreciation and amortization	2,980,000	2,660,000
Deferred income taxes	1,129,000	(264,000)
Funds provided by operations	9,821,000	7,640,000
Proceeds from:		
Issue of shares	—	391,000
Disposal of property, plant and equipment	527,000	2,020,000
Issue of long-term debt	644,000	—
Total funds provided	\$10,992,000	\$10,051,000

Use of Funds:

Investment in –		
Subsidiaries, net of working capital acquired	\$ 732,000	\$ 208,000
Other	485,000	957,000
Increase in equity value of investment in affiliated company	1,160,000	1,116,000
Additions to property, plant and equipment	5,230,000	4,634,000
Payments of dividends	2,819,000	2,790,000
Retirement of long-term debt	1,313,000	411,000
Total funds used	\$11,739,000	\$10,116,000

Working Capital:

Decrease in funds during year	\$ 747,000	\$ 65,000
Balance of funds beginning of year	10,879,000	10,944,000
Balance of funds end of year	\$10,132,000	\$10,879,000
Working capital increase (decrease):		
Cash and temporary investments	\$ 900,000	\$ 1,050,000
Accounts receivable	14,210,000	3,572,000
Inventories	48,037,000	(8,422,000)
Prepaid expenses	(301,000)	336,000
Short-term notes	3,918,000	(5,824,000)
Accounts payable	(66,195,000)	7,910,000
Income taxes payable	(10,500,000)	2,215,000
Deferred income taxes	9,184,000	(902,000)
	\$ (747,000)	\$ (65,000)

Notes to Consolidated Financial Statements (1)

September 30, 1974

1. Inventories:

	1974	1973
Raw materials, work in process and finished goods –		
Sugar	\$56,479,000	\$12,017,000
Construction materials	7,031,000	4,333,000
Other products	593,000	192,000
	<u>64,103,000</u>	<u>16,542,000</u>
Manufacturing and maintenance supplies	2,214,000	1,738,000
	<u>\$66,317,000</u>	<u>\$18,280,000</u>

A fixed quantity of 50,000 long tons of raw sugar equivalent has been valued each year at a basic price of \$78 per ton. During the year, the Company acquired an additional 15,000 long tons at an average price of \$729. The base stock now consists of 65,000 long tons at an average price of \$228 which is less than its market value. All other inventories, including sugar in excess of the base stock, are valued at cost which is lower than market.

2. Investments:

	1974	1973
Affiliated company, at equity value	\$15,002,000	\$13,842,000
Other, at the lower of cost and estimated realizable value	2,213,000	1,728,000
	<u>\$17,215,000</u>	<u>\$15,570,000</u>

3. Property, plant and equipment:

	1974		1973	
	Investment	Accumulated depreciation & amortization	Net Investment	Net Investment
Property	\$ 3,518,000	\$ —	\$ 3,518,000	\$ 3,521,000
Plant	23,017,000	8,640,000	14,377,000	12,010,000
Equipment	42,236,000	23,072,000	19,164,000	19,223,000
	<u>\$68,771,000</u>	<u>\$31,712,000</u>	<u>\$37,059,000</u>	<u>\$34,754,000</u>

Property, plant and equipment in use is stated at appraised replacement cost at October 1, 1961, with subsequent additions at cost. Depreciation is provided on these assets on a straight line basis over their estimated useful lives. Other fixed assets are carried at their estimated realizable values. The net investment at year end in plant and equipment includes approximately \$4,000,000 which will not be an allowable deduction for tax purposes.

4. Long-term debt:

The long-term debt, consisting primarily of 5% sinking fund debentures, is repayable as follows: 1975 - \$175,000; 1976 - \$73,000; 1977 - \$70,000; 1978 - \$1,613,000; 1979 - \$70,000 and subsequently \$431,000.

5. Capital stock:

Supplementary Letters Patent –

By Supplementary Letters Patent dated July 24, 1974, the 3,000,000 authorized shares of no par value (of which 1,566,250 are issued) are reclassified into 3,000,000 Class A convertible common shares of no par value and creating 3,000,000 Class B convertible common shares of no par value.

Stock Options –

Under a stock option plan for directors, officers and key employees, shares were reserved for issue at prices which cannot be less than 90% of the fair market value at date of grant.

During the year, options representing 4,000 shares were cancelled.

Notes to Consolidated Financial Statements (2)

September 30, 1974

	Granted during the year	Outstanding at Sept. 30, 1974	Option price	Expiry date
Options to employees who are officers or directors		7,250	\$24.07½	Feb. 26/78
Options to other key employees		8,000	\$24.07½	Feb. 26/78
	2,000	2,000	\$22.05	Jan. 7/79

Earnings per share:

There would be no material dilution of earnings per share if all stock options were exercised.

6. Contingencies:

Revenue Canada is examining transactions with a non-resident affiliated company and is considering an income tax claim against Redpath Industries Limited relating thereto. Submissions resisting such a claim have been made on the Company's behalf. No assessments have been received to date and the Company's professional advisors have recommended that if assessments are issued, they should be contested. Accordingly no provision has been made in the accounts for any possible additional income tax.

The Company, along with other refiners, has been charged with alleged violation of the Combines Investigation Act. The trial of this case has begun, but probably will not be concluded for several months.

7. Additional information:

(a) Accounts receivable include \$467,356 (1973-\$238,000) due from affiliated companies. Accounts payable and accrued charges include \$7,890,853 (1973-\$1,425,000) due to affiliated companies.

(b) Sales by class of business were as follows:

	1974		1973	
	Amount	%	Amount	%
Sugar refining	\$183,784,000	82.2	\$100,275,000	78.2
Construction	37,232,000	16.6	26,136,000	20.4
Other products	2,692,000	1.2	1,739,000	1.4
	<u>\$223,708,000</u>	<u>100.0</u>	<u>\$128,150,000</u>	<u>100.0</u>

(c) The aggregate remuneration of the Company's twelve directors and seven officers, in those capacities, was \$34,700 and \$230,547 respectively.

(d) Commitments for the acquisition of property, plant and equipment aggregate approximately \$386,000.

Auditors' Report

To the Shareholders of Redpath Industries Limited:

We have examined the consolidated balance sheet of Redpath Industries Limited and its subsidiaries as at September 30, 1974 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the outcome of the matters described in note 6, these consolidated financial statements

present fairly the financial position of the companies as at September 30, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.
Chartered Accountants

Montreal, Canada
December 3, 1974

The Last Ten Years in Review

(thousands of dollars except for amounts per share)

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Sales	\$223,708	\$128,150	\$103,247	\$85,018	\$74,746	\$64,300	\$54,614	\$45,631	\$46,948	\$51,429
Income taxes	4,216	3,141	3,300	3,725	3,250	3,600	3,650	3,050	3,600	3,550
Net income (excluding extraordinary items)	5,712	5,244	4,300	4,392	3,836	4,243	5,380	3,894	3,356	3,420
Dividends	2,819	2,790	2,790	2,790	2,635	2,635	2,170	2,170	1,860	1,860
Net income as % of sales	2.55	4.09	4.16	5.17	5.13	6.60	9.85	8.53	7.15	6.65
Net income as % of shareholders' equity	10.38	10.06	8.73	9.19	8.32	9.52	12.52	9.33	8.38	8.88
Earnings per share	\$3.65	\$3.38	\$2.77	\$2.83	\$2.47	\$2.74	\$3.47	\$2.51	\$2.17	\$2.21
Dividends per share	1.80	1.80	1.80	1.80	1.70	1.70	1.40	1.40	1.20	1.20
Cash flow per share	6.27	4.93	4.55	3.98	3.33	2.87	4.75	3.20	3.93	4.00
Book value per share	35.12	33.63	31.79	30.82	29.75	28.77	27.73	26.94	25.82	24.86
Working capital	\$ 10,132	\$ 10,879	\$ 10,944	\$12,574	\$13,669	\$15,356	\$16,273	\$16,904	\$21,222	\$18,432
Temporary investments	1,000	—	—	—	278	3,667	4,858	6,895	11,025	12,483
Short-term notes	12,117	16,035	10,211	3,830	2,474	910	743	—	—	—
Long-term debt	2,257	2,926	3,337	3,730	4,061	5,520	5,645	4,700	4,741	4,916
Shareholders' equity	55,014	52,121	49,276	47,766	46,113	44,586	42,978	41,750	40,026	38,530
Capital expenditures	\$ 5,230	\$ 4,634	\$ 4,927	\$ 2,020	\$ 1,803	\$ 1,926	\$ 617	\$ 1,126	\$ 1,373	\$ 3,012
Depreciation & amortization	2,980	2,660	2,439	2,101	1,754	1,611	1,726	1,571	1,482	1,429
Number of employees	1,595	1,657	1,582	1,487	1,268	1,182	1,170	964	990	1,034
Number of shareholders	2,909	2,904	2,799	2,958	3,133	3,250	3,327	3,263	3,080	3,016

Due to forces beyond our control, our sugar prices are ridiculous.

Typhoons in the Philippines are to blame. A drought in the Caribbean. And a rainy season that got stuck in the skies over Russia, Poland, England—most of Europe.

Bad weather has destroyed a lot of the world's raw sugar crop, three years running. And at the very moment when people in the developing countries have started ordering more.

More sweet teeth demanding sugar; less sugar being harvested. You know what that means. It means high prices.

The trouble lies outside Canada. And outside Canada's control.

Don't blame the supermarkets, or the sugar refiners, or organized labour—or even the Government! It's primarily the weather. Because of it, sugar growers around the world have suddenly found themselves very much in demand. And they're acting—let's face it—in a very human way. They're selling to the highest bidder.

So that's where your extra sugar money is going: into those lucky exporting countries that have some crop to sell.

Look at Redpath's profit picture. It's pretty modest.

Every time you pour a pound of Redpath into your sugar bowl, we make 1¢ profit. Before taxes. 1¢ profit per pound—and that's for doing all these jobs: importing, refining, storing, packaging, and delivering to the foodstores.

Here are the facts and figures.

On a 5 lb. bag, Redpath's costs are:	
for buying raw sugar	\$3.51
for refining & storing	.08
for packaging	.08
for selling & administration	.07
	\$3.74
plus our profit before taxes	.05
	\$3.79 our selling price*

*Based on Redpath Sugars Limited net price list No. 990, which prevailed on Nov. 22 '74.



So the world's
in one sweet mess.

Is there anything Canadians can do?

Well, we can pray for better weather in the vital places. And we can try to get along with less sugar than usual. Stock up on fruit—there's sugar in it, too! One thing is certain—relief is bound to come. And as soon as we have better news about prices, you'll be the first to know.



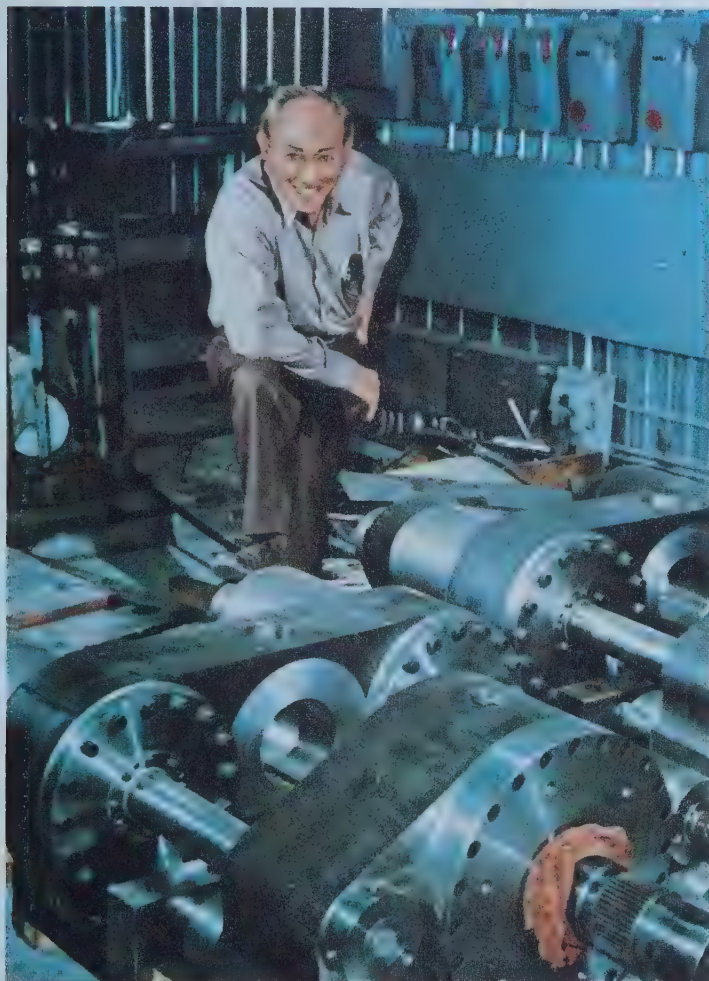
Remember the days when
people fed us to horses?
Just imagine!

Redpath

The above advertisement appeared in 30 dailies, French and English, throughout eastern Canada early in December.



Redpath Industries Limited *and its subsidiaries*



W. Antoni, general manager of London Plastics Machinery Limited, has played a major role in the designing and building of injection moulding equipment used by Multi Fittings Limited, in Canada and the U.S.A.

Redpath Industries is People

The financial statements in this report show Redpath Industries' recorded assets have a book value in excess of 166 million dollars. This does not in any way reflect the great personnel assets which are the true reflection of the character, of our diversified corporation.

Redpath Industries Limited (RIL), while it is a corporate entity, is made up of shareholders and debentureholders who have invested their capital, and managers and workers who have contributed their skills. The financial success of our Company – in the past as in the future – is directly related to the manner in which the experience and abilities of these human resources are coordinated and utilized. Their specialized knowledge and experience is vital to the gainful employment of our invested capital and to our growth.



Harry Fairman, Toronto Redpath refinery purchasing agent, is involved in service club work with crippled children.



Redpath Industries Limited *and its subsidiaries*

fracture of step ladders and extension ladders, that substantially improve the strength and safety characteristics.

The people who make up RIL — management, employees — working in a free market system, have as their objective the production of products and services of above-average quality. The common objective of our personnel in Daymond, in Redpath Sugars, in Chantecler Wines, in CB Packaging, in Gienow, and in Multi Fittings, is to be well above the norm in their respective industries. To this end our employees have visited operations in various parts of the world, to examine techniques and equipment used in the manufacture of refined sugar, plastic pipe, fittings and packages.

At the Multi Fittings plant in London, Ontario, chief quality control inspector, George Aust, ensures that high quality of plastic fittings is maintained.



Factory production costs at Daymond's aluminum division are continually checked against standards, by Roger Kettle, time study engineer.

RIL makes available financial assistance to employees for evening, correspondence, extension or post-graduate courses, which it considers would increase the level of qualification for the current job, or equip the individual for a more responsible position.

Since diversification began in 1968, there has been greater scope for exchanges of skills between RIL's divisions and departments. Transfers between RIL companies have been beneficial to the operation of our subsidiaries and to allied companies. New challenges have been offered to our personnel.



Controlling customer credit is an important part of successful operation. Ethel Kudo enjoys her work as assistant credit manager at the Redpath Sugars' office in Montreal.

RIL has a policy of promoting from within its ranks wherever possible. But when necessary, it has not hesitated to attract talents from without. Our manpower policies have attracted and retained employees who are both competent and productive. So we have an inter-relationship: productive individuals who make the corporation a profitable enterprise that can in turn reward its human components and provide capital for future ventures.

Today a progressive company must make its business decisions in anticipation of the demands of an increasingly sophisticated market. The company is influenced by consumers

Peter Pauls joined Gienow Limited in 1957. His abilities and dedication have been important to Gienow and have contributed to the success of the company in many ways.



Blending wines is an art, as well as a science. Jean Berthelot displays his talents at Chantecler Wines at St. Augustin, Quebec.





Redpath Industries Limited *and its subsidiaries*

who react to quality, price and product packaging; by employees' attitudes and aspirations; by competitive companies and by government regulations.

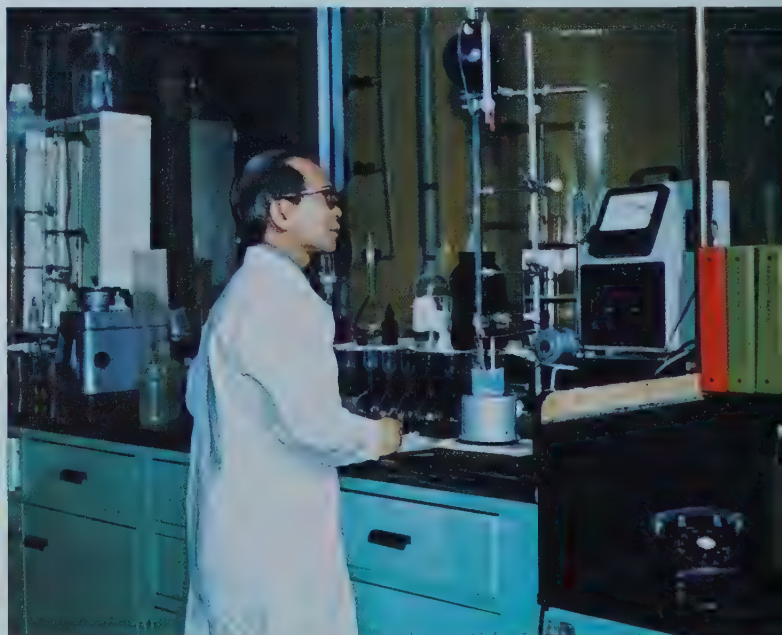
The collective views and standards of society must shape the character and operation of a successful company. RIL's management attempts to anticipate the impact of these forces on its business. In recognition of consumer views, we have developed policies related to advertising, packaging and labelling that provide reliable information upon which a free market choice can be made.

Arne Jensen is a fourteen-year veteran at Gienow Limited and is now in the sales department covering contract and new construction accounts in Alberta.

The control of running speeds and temperature during a plastic extrusion operation is most important. Sam Grech, production foreman, checks these actions at Daymond's new plastic plant in Clarkson, Ontario.



Work in the laboratory is an important part of a sugar refining operation. Jimmy Lee, lab technician, at the Redpath refinery in Toronto uses his knowledge to monitor the operations.



Eight new manufacturing facilities have been built since 1968. In every case design of the buildings and landscaping has been compatible with the surroundings, to make our presence in the community attractive.

Liquid wastes and overflows from our manufacturing operations are automatically treated to comply with government standards. Dust particles are collected to prevent release into the air, and gaseous emissions are controlled through exhaust systems. All pollution problems are reviewed regularly, to improve, meet, or better local and provincial requirements.

For 120 years, Redpath has been involved on the Quebec scene, having started one of the first manufacturing operations in Montreal. In Ontario we date back to 1902. During these decades the Company has actively participated in projects considered in the interest of the locales where our factories have been located. RIL's manufacturing facilities now are located in 12 communities, four provinces. For those communities, a share of corporate profits is allocated for hospitals, universities, united appeals and local charitable organizations. RIL also supports national associations involved in medical research.

Leroy Nicholson, electrical technician, checks the control console of the computer operated warehouse and order filling operation at the Redpath refinery in Montreal.





Redpath Industries Limited *and its subsidiaries*

Throughout our operations management strives to be a good employer. Our policies demand an equal opportunity for employment and advancement regardless of ethnic origin, personality, religion, education or sex. Each employee's progress is reviewed frequently so that the abilities of each individual can be recognized and fairly rewarded.

University awards are presented to eligible dependants of Company employees who have scholastic qualifications, but need financial aid to attend a Canadian university.

Peter Hrudka, one of RIL's several second generation employees, supervising the extrusion operation at Daymond's plastic plant, Centralia, Ontario.



Our Company has been concerned for the continuing welfare of those who retired some years ago on pensions. Inflation in recent years has been painful for anyone living on fixed incomes. While the Company has not been able to afford to completely close the inflationary gap, it has adjusted the pensions of our ex-employees three times in the past seven years.

We are not satisfied with what we have accomplished. We believe social responsibility is fundamental to good business behaviour. It has contributed to our century of progress and will continue to work towards our long-term profitability.

Ralph Dewolf joined CB Packaging in 1972. Mr. Dewolf is plant engineer, and is responsible for quality control as well as industrial engineering function.

Directors

Hon. Louis P. Beaubien
Montreal, Quebec
Member, Senate of Canada

R. G. Brownridge, C.A.
Montreal, Quebec
Vice-President and Treasurer
Redpath Industries Limited

James M. Ferguson
San Francisco, California
President, Pacific Molasses Company

C. F. Harrington
Montreal, Quebec
Chairman of the Board
and the Executive Committee
The Royal Trust Company

R. L. Henry
Montreal, Quebec
President, Wire Rope Industries Limited

Colin Lyle
London, England
Director, Tate & Lyle, Limited

Charles S. MacNaughton
Toronto, Ontario
Chairman, Fry Mills Spence Limited

J. H. Magee
Montreal, Quebec
Company Director

W. H. Punchard
Chatham, Ontario
Company Director

N. M. Shaw
Montreal, Quebec
President and Chief Executive Officer
Redpath Industries Limited

David A. Tate
London, England
Director, Tate & Lyle, Limited

H. S. Tate
London, England
Director, Tate & Lyle, Limited

Corporate Officers

C. F. Harrington
Chairman

N. M. Shaw
President and Chief Executive Officer

R. G. Brownridge, C.A.
Vice-President and Treasurer

M. W. Davidson
Vice-President

J. E. Wood
Secretary

Transfer Agent and Registrar

The Royal Trust Company
Montreal Toronto Calgary Vancouver
Stock Exchange Symbol: RIN
Listed Toronto and Montreal Exchanges

Head Office

95 Queen's Quay East
Toronto, Ontario
M5E 1A3

Executive Office

One Westmount Square
Montreal, Quebec
H3Z 2W7

Operating Subsidiaries and Affiliates

Albion Company Limited Hamilton, Bermuda
CB Packaging Limited Toronto, Ontario
Certain-teed/Daymond Co. Ann Arbor, Michigan
Chantecler Wines Limited St. Augustin, Quebec
Daymond Limited Clarkson, Ontario
Gienow Limited Calgary, Alberta
London Plastics Machinery Limited London, Ontario
Multi Fittings Limited London, Ontario
Multi Fittings (U.S.A.) Limited Waco, Texas
Redpath Sugars Limited Montreal, Quebec
Spraycool Systems Limited Rexdale, Ontario

